



Spring 2020

NEWSLETTER

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**Forest
Management**
GROUP

Introduction

FROM THE DIRECTORS

Welcome to the Spring edition of our newsletter.

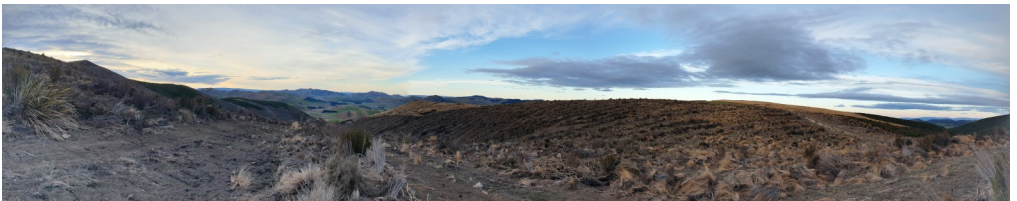
What a difference a few months make! Since winter and coming out of Covid-19 lockdown we have seen a slow steady lift in demand in China and log market conditions improve. There has been a lift in sales prices on a CFR basis by \$10 USD, Ocean freight stabilise, and the USD/ NZD sit around the \$0.64 mark. All this means that the log prices in NZD are at a good 3-year average price.

China stocks are sitting at a comfortable 4.7m cubic metres as opposed to the 7 - 8m prior to the lockdown. Although European Spruce remains a threat to NZ log supply as sawn timber from badly damaged European forests, competing with NZ log exports. Another recent development has been the significant reduction of volume from New Zealand into India. For 2020 so far, only one ship per month has been going to India on average.

On another note, the use of Methyl bromide fumigation for deck cargos, which was originally scheduled to stop in October 2020, has now been extended and will be permitted until April 2021. In an attempt to be proactive and mitigate any negative impacts of potentially not being able to fumigate deck cargos, some exporters and port companies are taking steps to increase debarking as a treatment solution for export to China.

The planting season is now complete with FMG planting more than 3,500ha; some areas have had to be delayed into next year due to dry conditions on the eastern coasts of New Zealand. With Carbon prices marching upwards of \$35, it's making future for forestry operations look bright!

Evan MacClure
Director



Prince of Wales Award for Sustainable Forestry

The Prince of Wales Sustainability Cup recognises the achievements of an outstanding young forest professional who is highly engaged in the principles of sustainable forest management. This year's recipient is Canterbury based staff member Adrian Loo!

Performing exceptional forestry management work, he has been working with clients and the 1BT programme to encourage new planting. Adrian works hard to focus

landowners on diversification of land use through the addition of exotic and native forests. He is dedicated to growing the size of New Zealand's forest area in an environmentally sustainable way and actively promoting these concepts to others. A founding member of Future Foresters, Adrian is already strongly committed to inspiring others to focus on the wise use and conservation of forests and their ecosystems.



Late Thinning for Value

One of the forest estates under FML management in Southland has been well tended from a pruning point of view, but for reasons outside the control of the manager, the thinning was delayed. By the time stocking of 1,200 stems per hectare could be addressed, the trees had begun to reach for the sky with stem heights up to 25 metres. After careful assessment and examination of the risk for both hang-ups and post thinning wind damage forest owners and managers agreed to undertake a production thinning programme.

Branching was small and because prior pruning had removed a lot of the lower branches altogether, the likelihood of stems hanging in adjacent trees was less than might have otherwise been the case. John Fodie was the contractor engaged to carry out the thinning. He uses a Hyundai 145-9 zero swing excavator with Log Max 5000D, harvesting head to fall and process stems into merchantable logs, which are stacked in parcels on the forest floor ready for forwarding to the landing for loadout. Using

boom reach from the safety of his machine cab, John makes sure no stems are left hanging. Roger operates a John Deere 810D forwarder to bring logs in to the landing, where an excavator is used to stack and loadout.



With hang-ups managed the other side of the risk equation was forest damage – both operational and post-thin wind throw. Operational damage to remainder stems has been monitored by both contractor and FML. Progress is followed carefully with an assessment plot prescribed for every two hectares completed. The potential for wind damage is partially mitigated through a relatively high post-thin stocking target, between 500 - 600 stems per hectare, providing less potential for canopy disruption. The owner has options to carry out another light thin at a later date, wait a little longer to achieve pruned diameter targets at eventual harvest, or harvest on schedule, accepting some reduction in the pruned component.

From a value point of view the key aspect is to ensure thinning is carried out to add value to the final crop. Return from the extracted logs largely covers the cost of the operation, however profit from thinning is not the main aim. John recovers value into better returning grades where he can, but the lion's share goes out as chip logs to the nearby MDF plant. The post-thinning plot work is essential. In this case plot assessments confirm the quality and value is left standing to reach full potential.



Establishment Update

The establishment season is finished. The programme kicked off at the beginning of June with unusually dry conditions in Otago, causing postponement of some planting jobs into next year.

We have planted more than 890ha in North Canterbury/West Coast, 886ha in South Canterbury/Otago, 433ha in Southland, 695ha in Nelson/Marlborough and 527ha in North Island. This was our biggest programme so far. We have planted around 2620ha of new forests (most of it under One Billion Trees Programme) and 820ha of replanting cutovers.

Our 2021 planting programme is looking to be even bigger.



Update on One Billion Trees Programme

The 1BT programme has funded over 650 projects throughout New Zealand that totals more than 24,000 hectares of new afforestation. The Canterbury region has had the highest uptake in 1BT funding with over 8,000ha of new land being established; this equals 33% of the area of all 1BT funding to date. The uptake in 1BT funding highlights the importance of integrating trees on marginal land and the benefits this can have for the landowner.

Many of our clients have benefited through the bonus income available from the harvest of existing woodlots on their properties, endorsing the advantages these areas offer to the wider farming system. Make sure you contact us if you have areas on your property that you think would suit areas of trees to discuss the options.



Timaru Port Development

\$8m Spend at Timaru Port Log Storage Area

It's great to see the foresight into the development of the log storage area. Work has been done and the Port is over halfway through the development of 4ha of sealed area as well as the haul road that links the berth to the storage area.

Issues such as lighting and drainage have needed to be taken into account in the planning process, as well as the long term options of another berth in Evans Bay beside the log storage area. Storm water point discharge consent and building consent for 30m light poles have been granted.

The key benefits will be reduced mud and dust from improved operating conditions. Safety and efficiency gains and

compliance with MPI phytosanitary also being a major improvement to be gained.

We expect to see better productivity when loading vessels, as well as gains in what volumes can be stored at the wharf. The cost will be paid for by forest owners by way of a development levy, which will be imposed for years to come, but we think this levy will be offset by the former mentioned advantages of productivity and safety. Plus it simply had to be done to continue the log business through Timaru port.

FML has been shipping through Timaru port for over 20 years and is one of the major exporters. We see this as a real positive step and future proofing a robust, well developed, well-drained infrastructure for the next 50 years.



FROM THE BACKPAGE

Welcome to the team Terry!

Tasman Forest Management recently employed a new Forest Manager for the Blenheim office. Terry Carran was born and raised in Southland and with his father being a logging contractor it wasn't long before he went down that path. The crew shifted to the East Coast of the North Island into the challenges of living and working in some remote areas. Terry eventually ended up in Rotorua and accepted a job with a forest management company there. Several years ago he made the shift to Blenheim. Terry and his wife are kept busy with a 10 year old boy, both are regulars at the Boombox, one of the local CrossFit gyms, where he will often be seen smashing out a double session of CrossFit and Cardio. Terry is still on the east coast, but of the South Island this time. The logging is just as challenging though!

Briefly

The Forestry Workforce Roadshow is running again in New Zealand in November and December 2020.

For more info, see the link below

<https://www.teururakau.govt.nz/about-mpi/our-work/conferences-and-events/forestry-workforce-roadshow-2020/>



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